
**Example 3--Provider in example 1 in addition to facts listed therein, has the following statistics
(Enhanced DSH payment calculation only-payment period SFYE 6-97)**

Facts----- Medicaid inpatient days--6,000; Medicaid discharges--800

Provider as indicated in example #1 meets the eligibility requirement for enhanced DSH payments in Section II(F), because it has a Medicaid inpatient utilization rate equal to 28%, which exceeds one standard deviation above the statewide mean Medicaid Inpatient Utilization Rate. After applying this and the inpatient day and discharge facts to the plan provisions at Section II (F) and III B (3), it is determined that this facility is entitled to the following enhanced payment.

Calculation:	6,000 Medicaid inpatient days x \$241 per....	\$ 1,446,000
	800 Medicaid discharges x \$1133 per....	\$ <u>906,400</u>
	Total Enhanced payment.....	\$ 2,352,400

All disproportionate share payments made in accordance with these examples and under the provisions of this disproportionate share payment methodology will be made subject to all applicable federal DSH spending caps and any Indiana specific DSH caps, and specific provider payments will not exceed the individual provider's OBRA '93 calculated DSH payment limit. The "hospital's OBRA '93 calculated DSH payment limit" is the sum of all costs for services provided to uninsured patients, less any cash payments made by them, and all costs for services provided to Medicaid patients, less the amount paid by the State under the non-DSH payment provisions of the State Plan. The formula appears as follows:

$$\text{DSH LIMIT} = M + U$$

M = Cost of services to Medicaid patients, less the amount paid by the State under the non-DSH payment provisions of the State Plan

U = Cost of services to uninsured patients, less any cash payments made by them

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MUNICIPAL HOSPITAL PAYMENT ADJUSTMENTS

I. AUTHORITY

In compliance with Section 1902(a)(13)(A), Section 1903 (w)(3), and Section 1903 (w)(6) of the Act, the Indiana Medicaid program (the "Office") adopts the following definitions and methodologies to identify and make payment adjustments to Municipal Hospitals.

II. DEFINITIONS

"Municipal Hospital" has the following meaning: a health care facility providing inpatient hospital services that is: (1) licensed as an acute care hospital under Indiana Code 16-21; and (2) is established and operated as a county hospital under Indiana Code 16-22-2, or as a municipal hospital under Indiana Code 16-23.

"Medicaid Payments" are all payments made to Municipal Hospitals by or on behalf of the Office pursuant to the Medicaid reimbursement provisions under Article 15 of the Indiana Code. This includes, but is not limited to, claim specific payments for Medicaid services and non-claim specific additional Medicaid payments such as the Medicaid Hospital Care for the Indigent (HCI) add-on payments. This does not include the Disproportionate Share Hospital (DSH) payments made pursuant to Indiana Code 12-15-16 and 12-15-19, which contain the methodologies used to determine and distribute the Basic Acute Care and Enhanced DSH payments, respectively.

III. PAYMENT ADJUSTMENTS

A Municipal Hospital ("hospital") shall receive, in addition to its allowable regular Medicaid claims payments to which it is entitled, a payment adjustment calculated in the following manner:

- (1) For each state fiscal year ending after June 30, 1997, reimbursement in the form of a single payment, equal to the difference between:
 - (a) The amount of Medicaid payments to the hospital made pursuant to the Medicaid reimbursement provisions under Article 15 of the Indiana Code, excluding DSH payments made pursuant to Indiana Code 12-15-16 and 12-15-19, for services provided by the hospital during the state fiscal year; and

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- (b) an amount equal to the lesser of the following:
 - (i) the hospital's customary charges for the services described in (a) above; or
 - (ii) a reasonable estimate by the Office of the amount that would have been paid for those services under Medicare payment principles.
- (2) A Municipal Hospital's payment adjustment for a state fiscal year shall be calculated using the hospital's audited and/or adjusted Indiana Medicaid cost report filed with the Office for the hospital's fiscal period ending during the state fiscal year.
- (3) The payment adjustment identified in (1) above shall be made after the close of the applicable state fiscal year.

EFFECTIVE DATE

Subject to approval by HCFA, these payment adjustments are to be effective on or after April 1, 1998. Payments being made beginning effective April 1, 1998 for SFYE June 30, 1998 and thereafter shall be paid by this methodology.

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Substitute Page